

**Limited Source Justification
and
Justification for Other than Full and Open Competition**

"Source Selection Information – see FAR 2.101 and 3.104"

1. Identification of the agency and contracting activity.

- **Federal agency and contracting activity:** HHS – Centers for Medicare & Medicaid Services
- **Sponsoring organization:** Office of Information Services / Consumer Information & Insurance Systems Group
- **Project Officer information**
 - **Project Officer :** Paul Weiss
 - **Mailing address:** 7500 Security Blvd, Baltimore, MD 21244
 - **E-mail address:** paul.weiss@cms.hhs.gov
 - **Telephone number:** (410) 786-6089

2. Nature and/or description of the action being approved.

This justification supports the award of an out of scope modification which adds Enterprise Identity Management (EIDM) hosting and security upgrades to a Logical Follow-on task order with Terremark Federal Group, Inc. CMS executed and approved a Limited Sources Justification (LSJ) to support this logical follow-on order in February 2014. This order was intended to be a short term bridge while CMS transitions this work to the competitively awarded HP Enterprise Services (HP) Virtual Data Center (VDC) task order.

The services provide the technology infrastructure and service requirements necessary to provide cloud computing to support the development and operations of the projects that support the Affordable Care Act (ACA) implementations. These projects include the Federally Facilitated Marketplace (FFM) and Data Services Hub (DSH).

This action will add open market items to a GSA Schedule 70 task order with Terremark Federal Group, Inc. as well as services that are on Terremark's GSA Schedule 70 contract. The open market items require a Justification for Other than Full and Open Competition (JOFOC) since the items are not included on a GSA Schedule contract, in accordance with FAR Part 6.3. The services that are on schedule require a LSJ.

For administrative convenience, CMS is consolidating the information required in the LSU and JOFOC into one combined document that fully addresses the requirements of each justification.

- **Acquisition purpose and objectives.**

The goal of this effort is to support the addition of the hosting for EIDM and security upgrades. The Terremark EIDM hosting is currently under a separate contract. The Terremark hosting for EIDM will expire under that contract in September 2014. The hosting for EIDM, with upgrades, is being added to this logical follow-on through Open Enrollment 2015 (OE 2015) and until the application is migrated to the HP HIM Virtual Data Center. The security upgrades that are being added are in preparation for OE 2015. Open Enrollment is the period of time in which eligible applicants may use the Healthcare.gov website application to shop for and select health insurance coverage.

- **Project background.**

In June 2013, CMS awarded a contract to HP to build and transition the infrastructure from the Terremark to the Health Insurance Marketplace Virtual Data Center (HIM VDC).

In February 2014, CMS awarded a limited-source, logical follow-on task order to Terremark Federal Group, Inc. The task order continued the Terremark services while CMS continues the transition the HP HIM VDC.

CMS has elected to continue to utilize the Verizon Terremark Data Center as the primary site for production infrastructure hosting services through the OE 2015 period. CMS plans on utilizing the HP Virtual Data Center as a development environment and alternate site for backup and eventually transition the work from the Terremark Federal Group Inc. site. This approach will better position CMS to implement a scalable, robust, and secure hosting site for the Open Enrollment period with adequate time for end to end testing of the Marketplace systems.

As a result of this modification, CMS will add security upgrades and the hosting of the EIDM application, with upgrades. The upgrades for EIDM are needed in support of OE 2015 period.

3. Description of the supplies or services required to meet the agency's needs (including the estimated value).

- **Project title:** Cloud Computing Services

- **Project description**

The services provide the technology infrastructure and service requirements necessary to provide cloud computing to support the development and operations of the projects that support the Affordable Care Act (ACA) implementations. These projects include the Federally Facilitated Marketplace (FFM) and Data Services Hub (DSH).

- **Requirement type.**

- ☐ Support services (non-research & development)
- ☐ Supplies/equipment
- ☒ Information technology (IT)
- ☐ Other (specify): _____

- **Type of action.**

- ☐ New requirement
- ☐ Follow-on
- ☒ Other (specify): ____Modification to add out of scope services and open market items

- **Proposed contract/order type.**

- ☒ Firm-fixed-price
- ☐ Time and materials
- ☐ Indefinite delivery (specify whether indefinite quantity, definite quantity, or requirements): _____
- ☐ Other (specify): _____

- **Acquisition identification number:**

Contract: GS-35F-0073U

Order: HHSM-500-2014-00355G

- **Total estimated dollar value and performance/delivery period.**

The estimated value of the additional services is estimated at \$7,518,723.42 Open Market and \$7,669,624.19 GSA Schedule totaling \$15,188,347.61 and will run through March 31, 2015.

4. Identification of the justification rationale [see 8.405-6(a) and (b)] and, if applicable, a demonstration of the proposed contractor's unique qualifications to provide the required supply or service.

a. Acquisition authority.

This acquisition is conducted under the authority of the Multiple Award Schedule Program. Consideration of schedule contractors will be restricted to fewer than the number required by Federal Acquisition Regulation (FAR) 8.405-6(a)(1)(i)(B) (i.e., fewer than three FSS contractors) and Federal Acquisition Regulation (FAR) 6.302-1 . There is only one responsible source to provide the required services.

b. Demonstration of the proposed contractor(s) unique qualifications to provide the required supply or service.

- **Name and address of the proposed contractor(s).**

Terremark Federal Group, Inc., One Biscayne Tower, 2 S. Biscayne Boulevard, Suite 2800, Miami, FL 33131-1800

- **Nature of the acquisition and proposed contractor(s) unique qualifications.**

In June 2013, CMS awarded a contract to HP to build and transition the infrastructure from Terremark to the Health Insurance Marketplace Virtual Data Center.

While CMS has successfully migrated several Marketplace systems to HP, CMS has elected to continue to utilize the Verizon Terremark Data Center as the primary site for production infrastructure hosting services through the OE 2015 period for the core Marketplace systems to ensure adequate time for end to end testing of the entire Marketplace environment to validate interoperability and new functionality implemented for the OE 2015 perform properly. During this period, CMS plans on utilizing the HP Virtual Data Center as a development environment and alternate site for backup. The open enrollment period will run from November 15, 2014 through February 15, 2015.

The existing HP Migration timeline does not allow for the ideal amount of end to end testing prior to the opening of the program. Joint analysis performed by the CMS, Application Developers, the System Integrator, and the Data Center on the core Marketplace system migration and testing timelines revealed that the full integrated end to end testing could not be completed as individually planned due to interdependencies on other Marketplace systems that would still be in various phases of their migration to HP until mid-August. Terremark currently provides the hosting for the EIDM application under a separate contract. The hosting services under that contract will expire in September 2014. CMS is continuing the hosting services, with upgrades, under this logical follow-on task order.

Therefore, CMS is modifying this order to support the addition of the hosting for EIDM, with upgrades, and security upgrades in support of OE 2015. There is no other source that could provide the required hosting services during OE 2015 at an acceptable level of risk. Terremark is best positioned to continue to provide these services until CMS is able to transition them to HP.

5. Determination by the ordering activity Contracting Officer that the order represents the best value consistent with FAR 8.404(d).

The Contracting Officer will perform price analysis on the GSA schedule pricing proposed by the contractor. The Contracting Officer requested discounts to the already-negotiated GSA pricing. The Contracting Officer requested the contractor to provide detailed pricing information from the GSA schedule price list illustrating how the contractor derives its proposed pricing for the cloud services. For the labor portions of the required services, the Contracting Officer required the contractor to provide the estimated hours and GSA schedule labor categories proposed to perform the services. The Contracting Officer will perform price analysis of these proposed rates and obtained a technical analysis from the CMS program office to determine if the quantities and types of labor are realistic to perform the required services. Based on the analysis described above, the Contracting Officer will determine the total proposed price to be fair and reasonable.

In determining the price to be fair and reasonable for the open market items, the Contracting Officer will review the commercial price list from the offeror in accordance with FAR 15.402. Consistent with FAR 15.404-1(b)(2)(iv), the Contracting Officer has obtained established catalog prices to determine price reasonableness. In accordance with FAR 15.403-1(b)(3) certified cost/pricing data is not required since the items being

acquired are considered commercial items as defined in FAR 2.101. The Contracting Officer will compare the commercial price list, the discounted prices and the proposed prices to determine price reasonableness.

6. Description of the market research conducted among schedule holders and the results, or a statement of the reasons market research was not conducted.

Since CMS has already justified and approved a logical follow-on task order with Terremark in accordance with FAR 8.405-6(a)(1)(i)(C), and this action accounts for potential continuation of these services, CMS did not conduct market research in advance of this action. Additionally, CMS performed a competitive procurement for the long-term continuation of these services through the VDC IDIQ and performed market research to determine the appropriate competitive methods to procure the needed services.

7. Any other facts supporting the justification.

Not applicable.

8. Statement of the actions, if any, the agency may take to remove or overcome any barriers that led to the restricted consideration before any subsequent acquisition for the supplies or services is made.

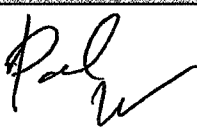
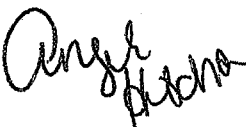

a. Removal of barriers to competition.

CMS awarded a contract to HP in June 2013 to build and transition the current Terremark infrastructure. This modification provides a temporary solution for security upgrades and continuation of the Terremark EIDM hosting services for OE 2015 and until the EIDM infrastructure is ready to fully transition to the HP HIM VDC.

b. Listing of sources, if any, that expressed an interest, in writing, in the acquisition. N/A

9. Program office certification

This is to certify that the portions of this justification that have been developed by the undersigned program office personnel, including supporting information and/or data verifying the Government's minimum needs or requirements, or other rationale for limited sources, are accurate and complete.

Official	Name & Title	Signature	Date
Contracting Officer's Representative	Paul Weiss		9/12/14
Contracting Officer's Representative's Immediate Supervisor	Angela Hitchcock		9/12/14
Head of the Sponsoring Program Office	Janet Vogel		9/12/14





10. Contracting Officer Certification

This is to certify that the justification for the proposed acquisition has been reviewed and that to the best of my knowledge and belief the information and/or data provided to support the rationale and recommendation for approval is accurate and complete.


Official	Name & Title	Signature	Date
Contracting Officer	Andrew Mummert	Andy Mummert <small>Digitally signed by Andy Mummert DN: cn=Andy Mummert, o=OAGM, ou=CMS, email=andrew.mummert@cms.hhs.gov, c=US Date: 2014.09.17 08:27:50 -0400</small>	

11. Chief of the Contracting Office and Head of the Contracting Activity signature(s):

Official	Name & Title	Signature	Date
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Cognizant Division Director	Andrew Mummert, Director, Division of Information Systems Contracts	 Digitally signed by Andy Mummert DN: cn=Andy Mummert, o=OAGM, ou=CMS, email=andrew.mummert@cms.hhs.gov, c=US Date: 2014.09.17 08:28:12 -04'00'	
Cognizant Group Director	Don Knode; Director, Information Technology Contracts Group	 Digitally signed by Donald Knode -S Date: 2014.09.17 21:02:42 -04'00'	
Director, Division of Policy Workforce and Systems	Jason Vollmer, Director, Division of Quality Assurance and Technology	 Digitally signed by jason.vollmer@cms.hhs.gov Date: 2014.09.18 06:33:50 -04'00'	9/18/2014
Head of the Contracting Activity	Daniel F. Kane, Director, Office of Acquisition and Grants Management		9/25/14

12. Competition Advocate signature:

Official	Name & Title	Signature	Date
Competition Advocate	Tim Love, Chief Operating Officer		9/25/14